

Senate File 2098 - Introduced

SENATE FILE 2098

BY KETTERING

A BILL FOR

1 An Act concerning reemployed retired members under the Iowa
2 public employees' retirement system.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 97B.1A, subsection 8, paragraph b,
2 Code Supplement 2011, is amended by adding the following new
3 subparagraph:

4 NEW SUBPARAGRAPH. (10) Retired members.

5 Sec. 2. Section 97B.1A, subsection 26, paragraph b,
6 subparagraph (3), Code Supplement 2011, is amended to read as
7 follows:

8 (3) Effective July 1, 1992, "*covered wages*" does not
9 include wages to a member on or after the effective date of
10 the member's retirement, except as otherwise permitted by the
11 system's administrative rules, ~~unless the member is reemployed,~~
12 ~~as provided under section 97B.48A.~~

13 Sec. 3. NEW SECTION. **97B.11B Additional contributions.**

14 Notwithstanding any provision of this chapter to the
15 contrary, an employer of an eligible retired member shall make
16 contributions to the system in an amount equal to the amount
17 the employer would have contributed for that eligible retired
18 member pursuant to section 97B.11 if the eligible retired
19 member was not excluded from coverage under this chapter.
20 Contributions made pursuant to this section shall not be
21 refunded to the retired member. For purposes of this section,
22 an "*eligible retired member*" is a retired member who would
23 otherwise be covered under this chapter if the retired member
24 was not excluded from the definition of employee as provided in
25 section 97B.1A, subsection 8.

26 Sec. 4. Section 97B.48A, subsections 1, 2, and 4, Code 2011,
27 are amended to read as follows:

28 1. a. If a retired member who has not reached the
29 retired member's sixty-fifth birthday and who has a bona
30 fide retirement under this chapter is in regular full-time
31 employment with a covered employer during a calendar year,
32 the retired member's retirement allowance shall be reduced
33 by fifty cents for each dollar the retired member earns over
34 the limit provided in this subsection. However, employment
35 is not full-time employment with a covered employer until the

1 retired member receives remuneration in an amount in excess of
2 thirty thousand dollars for a calendar year, or an amount equal
3 to the amount of remuneration permitted for a calendar year
4 for persons under sixty-five years of age before a reduction
5 in federal social security retirement benefits is required,
6 whichever is higher. Effective the first of the month in which
7 a retired member attains the age of sixty-five years, a retired
8 member may receive a retirement allowance without a reduction
9 after return to ~~covered~~ employment with a covered employer
10 regardless of the amount of remuneration received.

11 b. If a retired member dies and the full amount of the
12 reduction from retirement allowances required under this
13 subsection has not been paid, the remaining amounts shall
14 be deducted from the payments made, if any, to the retired
15 member's designated beneficiary or contingent annuitant.
16 If the retired member has selected an option under which
17 remaining payments are not required or the remaining payments
18 are insufficient to satisfy the full amount of the reduction
19 from retirement allowances required under this subsection,
20 the amount still unpaid shall be a claim against the member's
21 estate.

22 c. For purposes of this subsection and not for purposes of
23 determining a retiree's covered wages, remuneration paid on
24 and after July 1, 2007, includes noncovered contributions to a
25 defined contribution plan qualified under Internal Revenue Code
26 section 401(a), a tax-deferred annuity qualified under Internal
27 Revenue Code section 403(b), an eligible deferred compensation
28 plan qualified under Internal Revenue Code section 457, or any
29 other tax qualified or nonqualified investment vehicle, that
30 is provided by an employer to a retiree who has been or will
31 be reemployed in ~~covered~~ regular full-time employment with a
32 covered employer.

33 2. Effective January 1, 1991, a retired member of any age
34 may receive a retirement allowance after return to ~~covered~~
35 employment with a covered employer, regardless of the amount

1 of remuneration received, if the ~~covered~~ employment consists
2 of holding an elective office.

3 4. The system shall pay to ~~the~~ a retired member the
4 accumulated contributions of the retired member and all of
5 the employer contributions made prior to July 1, 2012, plus
6 interest plus interest dividends as provided in section 97B.70,
7 for all completed calendar years, compounded as provided in
8 section 97B.70, on the covered wages earned by a retired member
9 prior to July 1, 2012, that are not used in the calculation
10 or recalculation of the retirement allowance of a member. A
11 payment of contributions to a retired member pursuant to this
12 subsection shall be considered a retirement payment and not a
13 refund and the retired member shall not be eligible to buy back
14 the period of reemployment service.

15 Sec. 5. Section 97B.52A, subsection 1, paragraph c, Code
16 2011, is amended by adding the following new subparagraph:

17 NEW SUBPARAGRAPH. (3) For purposes of this paragraph "c",
18 "*covered employment*" means employment by a retired member with
19 a covered employer that would be covered employment under
20 this chapter if the retired member was not excluded from
21 the definition of employee as provided in section 97B.1A,
22 subsection 8.

23 EXPLANATION

24 This bill provides that retired members under the Iowa
25 public employees' retirement system (IPERS) are excluded from
26 the definition of employee for purposes of IPERS. By excluding
27 retired members from the definition of employee, a retired
28 member returning to employment with an IPERS-covered employer
29 shall not become a member of the system for that employment
30 and shall not make contributions to the system or be granted
31 membership service for that employment. Under current law, a
32 retired member who returns to employment with an IPERS-covered
33 employer can be considered an employee for purposes of IPERS
34 coverage.

35 New Code section 97B.11B provides that an employer of a

1 retired member shall make employer contributions to the system
2 for that member in an amount equal to what the employer would
3 have been required to contribute if the retired member was not
4 excluded from the definition of employee as provided in this
5 bill. Contributions made pursuant to this Code section shall
6 not be refunded to the retired member.

7 Code section 97B.48A, concerning reemployment, is amended
8 to provide that current requirements applicable to retired
9 reemployed members apply to retired members who return to
10 full-time employment with an IPERS-covered employer. The
11 provision allowing the refund of accumulated contributions made
12 on behalf of retired reemployed members is amended to provide
13 that only employer contributions made prior to July 1, 2012,
14 can be refunded.

15 Code section 97B.52A, concerning bona fide retirement, is
16 amended to provide that covered employment for purposes of
17 determining a bona fide retirement for a retired member means
18 employment that would have been covered employment under IPERS
19 if the retired member was not excluded from the definition of
20 employee as provided in the bill.